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1225 New York Avenue NW, Suite 750
Washington, DC 20005

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Andrew M. Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Re: Comments on Kentucky HEALTH §1115 demonstration waiver proposal

Dear Administrator Slavitt,

We appreciate the opportunity to offer our comments on the Kentucky HEALTH waiver proposal. Enroll America is a non-profit, non-partisan organization whose mission is to maximize the number of consumers who enroll in and maintain coverage under the Affordable Care Act (including Medicaid and CHIP coverage as well as coverage through the health insurance marketplaces). Enroll America also maintains reach into Kentucky through our Regional Director of State Assistance, Cheryl O 'Donnell, who establishes and maintains an ongoing relationship with community partners in the Southeast US to support local enrollment efforts and identify best practices that inform efforts nationwide. In Kentucky, she has been working with local organizations, including kynectors, to bolster their efforts, especially focusing on the state's transition to a federally facilitated marketplace.

Since the coverage expansions under the Affordable Care Act (ACA) began in 2013, Kentucky's model for streamlined eligibility and enrollment has been widely considered one of the most successful in the country. Our comments below underscore Kentucky's record of success to-date and apply lessons learned from operating a national outreach and enrollment campaign since the marketplaces and Medicaid expansion went into effect. We strongly urge CMS to take our comments into consideration when evaluating the various aspects of this waiver proposal.

Kentucky's Record of Success

Many factors have contributed to the state's success, including champions in state leadership, cross-agency and organization collaboration, a single, integrated eligibility system that helped to minimize consumer confusion during the application and enrollment process, and an overall commitment to continuous improvement.[1] In addition to reversing the economic benefits the Medicaid expansion has brought to the state, the Kentucky HEALTH proposal threatens to seriously undermine the eligibility and enrollment success by dismantling this system and could lead to many Kentuckians losing their health insurance or experiencing a gap in insurance coverage.[2]

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[1]Samantha Artiga, Jennifer Tolbert, and Robin Rudowitz, The Henry J. Kaiser Family Foundation, *Implementation of the ACA in Kentucky: Lessons Learned to Date and the Potential Effects of Future Changes*, April 20, 2016, Available online at: http://kff.org/report-section/implementation-of-the-aca-in-kentucky-issue-brief/

[2]The Kaiser Commission on Medicaid and the Uninsured, *The Effects of the Medicaid Expansion on State Budgets: An Early Look in Select States*, March 2015, Available online at: http://files.kff.org/attachment/issue-brief-the-effects-of-the-medicaid-expansion-on-state-budgets-an-early-look-in-select-states

- **Historic coverage gains:** In 2013, Kentucky had one of the highest rates of uninsurance in the country. According to Enroll America's estimates, 19.2 percent of non-elderly adult residents did not have health insurance.[3] The uninsured rate dropped by nearly half in just two years, with 9.8 percent of non-elderly adult Kentuckians not having insurance in 2015, moving the Commonwealth to above-average in coverage rates compared with other states. [4,5]

- **Robust Medicaid enrollment:** Kentucky's coverage gains are a factor of marketplace (kynect) enrollment, young adults remaining on their parent's plan, but also—most significantly—Medicaid enrollment. Over the past three years, Medicaid enrollment in the Commonwealth doubled from 600,000 enrollees in 2013 (pre-ACA) to 1.2 million in April 2016, and is reflective of the great need for coverage that existed among low-income Kentuckians and the success of the enrollment system the state created to meet this need.[6]

- **A leader among states:** At 101.7 percent, Kentucky experienced the largest Medicaid enrollment growth rate in the country between 2013 and July 2016 (the most recently available data). Kentucky beat out the next highest states, Nevada and Colorado, by a significant margin, and was well above the average of 35 percent enrollment growth among all Medicaid expansion states.[7]

  In Indiana, a state that instituted a program with health savings accounts (similar to the Kentucky HEALTH proposal) as part of its Medicaid waiver, Medicaid enrollment growth is below-average, at 31 percent.[8] If Kentucky had only seen this rate of enrollment growth since 2013, some 400,000 fewer Kentuckians would be enrolled in Medicaid, and the majority of these would likely remain uninsured.

Importance of Financial Help

Enroll America's consumer research has found, year after year, that receiving financial help is one of the biggest motivators for consumers to enroll in and retain coverage, especially plans with little to no premium.[9] Conversely, our survey results show that the primary reason uninsured consumers give for not enrolling in coverage is lack of affordability.[10] Low-income consumers are highly price-sensitive; even nominal premiums have been shown to adversely affect length of enrollment by a significant factor.[11,12] The proposal would increase premiums on an annual basis, charging enrollees more the longer they have been enrolled, making it

[3]Enroll America, *Kentucky State Snapshot,* October 2015. Available online at: https://s3.amazonaws.com/assets.enrollamerica.org/wp-content/uploads/2016/02/11133237/KY_State_snapshot_20160108.pdf

[4]Enroll America, *Kentucky State Snapshot,* October 2015. Available online at: https://s3.amazonaws.com/assets.enrollamerica.org/wp-content/uploads/2016/02/11133237/KY_State_snapshot_20160108.pdf

[5]Enroll America, *Kentucky State Snapshot,* October 2015. Available online at: https://s3.amazonaws.com/assets.enrollamerica.org/wp-content/uploads/2016/02/11133237/KY_State_snapshot_20160108.pdf

[6]Department of Health and Human Services, *Centers for Medicare & Medicaid Services, Medicaid & CHIP: April 2016 Monthly Applications, Eligibility Determinations and Enrollment Report*, June 30, 2016. Available online at: https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/april-2016-enrollment-report.pdf

[7] Department of Health and Human Services, Centers for Medicare & Medicaid Services, *Medicaid & CHIP: July 2016 Monthly Applications, Eligibility Determinations and Enrollment Report*, June 30, 2016. Available online at: https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/july-2016-enrollment-report.pdf

[8] Department of Health and Human Services, *Centers for Medicare & Medicaid Services, Medicaid & CHIP: April 2016 Monthly Applications, Eligibility Determinations and Enrollment Report*, June 30, 2016. Available online at: https://www.medicaid.gov/medicaid-chip-program-information/program-information/downloads/april-2016-enrollment-report.pdf

[9] Enroll America, *Enroll America Survey: Engaging Consumers About Appropriate Use of Coverage May Help with Retention*, July 17, 2016. Available online at: https://www.enrollamerica.org/blog/2016/07/enroll-america-survey-engaging-consumers-about-appropriate-use-of-coverage-may-help-with-retention/

[10] Enroll America, *Enroll America Survey: Engaging Consumers About Appropriate Use of Coverage May Help with Retention*, July 17, 2016. Available online at: https://www.enrollamerica.org/blog/2016/07/enroll-america-survey-engaging-consumers-about-appropriate-use-of-coverage-may-help-with-retention/

[11] Laura Dague, "*The Effect of Medicaid premiums on enrollment: A regression discontinuity approach*" Journal of Health Economics, 2014, vol. 37, issue C: 1-12.

[12] Wright, B., M. Carlson, H. Allen, et al. "*Raising premiums and other costs for Oregon Health Plan enrollees drove many to drop out.*" Health Affairs, December 2010, vol. 29, no. 12: 2311–2316.

even more likely that eligible consumers will fail to retain coverage over time. Accordingly, we are concerned that exposure to increased financial risk in the form of premiums or copayments (for those below 100 percent of the federal poverty level who can choose either premium or copayments), as included in the waiver proposal, could lead eligible enrollees to lose Medicaid coverage unnecessarily. In fact, CMS recently rejected Ohio's 1115 waiver proposal that included a request stating that "CMS is concerned that these premiums would undermine access to coverage and the affordability of care, and do not support the objectives of the Medicaid program." [13]

Making Coverage Easy to Understand and Use

Substantial gaps remain in the general public's knowledge of health insurance. [14] These gaps may result in improper utilization of health care services, and/or loss of coverage completely. The Kentucky HEALTH proposal would increase the complexity of the Medicaid program, jeopardizing retention and making new enrollment more challenging.

- **Community engagement requirement:** The proposal's required community engagement activities and financial literacy courses have no precedent in Medicaid programs or the health insurance marketplace. We are concerned that these requirements/ "incentives" will merely serve as barriers to retention/reenrollment.
- **Exposure to cost sharing:** The proposed use of an account for payment of deductibles with the goal of "exposing members to the cost of care and encourage cost-conscious healthcare decisions" might inadvertently lead consumers to avoid necessary care. In addition to the clear health risks that avoiding needed care carries, it may also increase the odds that an eligible consumer will ultimately disenroll. Our research shows that those who had health insurance in 2015 but did not purchase insurance in 2016 were the least likely to use health care services.[15] As mentioned above, CMS recently rejected Ohio's 1115 waiver proposal that included a request to charge premiums on the basis that it did not support the objectives of the Medicaid program. [16]
- **Increased complexity and churn:** An estimated half of low-income, non-elderly adults experience a change in income or household composition in a given year, and as a result, some 40 percent of adults eligible for Medicaid or marketplace coverage experience a change in eligibility over the course of a year.[17]

  The Kentucky HEALTH proposal envisions multiple, complicated coverage programs coexisting: the Kentucky HEALTH Premium Assistance program, the Consumer-Driven, High Deductible Health Plan, and the already-established health insurance marketplace. Each of these programs comes with its own set of rules around premium payments, disenrollment, and lock-out periods. This creates unnecessary complexity for a population of consumers whose eligibility is likely to change over the course of an average year. We are concerned that many consumers may fail to navigate these complexities successfully, and as a result, will lose coverage, despite still being eligible.[18] Although

[13] Department of Health and Human Services: "*letter in response to June 30, 2016 request for a new demonstration under 1115 of the Social Security Act."* September 9, 2016. Available online at: https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/oh/healthy-ohio-program/oh-healthy-oh-program-disapproval-ltr-09092016.pdf

[14] Enroll America, *A Framework on Health Insurance Literacy for the Outreach and Enrollment Community*, May 2015. Available online at: https://www.enrollamerica.org/a-framework-on-health-insurance-literacy-for-the-outreach-and-enrollment-community/

[15] Enroll America, *Enroll America Survey: Engaging Consumers About Appropriate Use of Coverage May Help with Retention*, July 17, 2016. Available online at: https://www.enrollamerica.org/blog/2016/07/enroll-america-survey-engaging-consumers-about-appropriate-use-of-coverage-may-help-with-retention/

[16] Department of Health and Human Services: "*letter in response to June 30, 2016 request for a new demonstration under 1115 of the Social Security Act."* September 9, 2016. Available online at: https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/oh/healthy-ohio-program/oh-healthy-oh-program-disapproval-ltr-09092016.pdf

[17] Benjamin D. Sommers, John A. Graves, Katherine Swartz and Sara Rosenbaum. "*Medicaid And Marketplace Eligibility Changes Will Occur Often In All States; Policy Options Can Ease Impact.*" Health Affairs, April 2014 vol. 33 no. 4: 700-707.

[18] Enroll America Survey: *Engaging Consumers About Appropriate Use of Coverage May Help with Retention*. Available online at:

the Kentucky HEALTH proposal is slightly different from Ohio's 1115 waiver proposal, CMS recently rejected Ohio's proposal to lock out consumers for nonpayment of premiums based on the state's own estimation that hundreds of thousands of consumers would lose insurance coverage as a result.

Furthermore, research suggests that some of the most effective ways to stem churn are through doing precisely the opposite of what this proposal would entail: longer eligibility periods, either by extending eligibility to the end of a given calendar year or through 12-month continuous eligibility.[19]

Kentucky's unprecedented success in supporting the enrollment and maintenance of health insurance coverage for its citizens is an example for all states. We are concerned that many provisions included in the Kentucky HEALTH proposal threaten to disrupt this system, and if approved, will lead to significant losses of Medicaid coverage among eligible consumers that could amount to upwards of 400,000 Kentuckians losing coverage.

Thank you very much for this opportunity to provide comments on the Kentucky HEALTH proposal. If you have any questions or comments, please contact Sophie Stern, Deputy Director of the Best Practices Institute, at sstern@enrollamerica.org or 202-809-7425.

https://www.enrollamerica.org/blog/2016/07/enroll-america-survey-engaging-consumers-about-appropriate-use-of-coverage-may-help-with-retention/

[19] Katherine Swartz, Pamela Farley Short, Deborah Roempke Graefe, and Namrata Uberoi, "Reducing Medicaid Churning: Extending Eligibility For Twelve Months Or To End Of Calendar Year Is Most Effective", *Health Affairs*, July 2015 vol. 34 no. 7 (1180-1187).